

Maria C. Andrade-Stern
Senior Contract Administrator

Direct Dial: (202) 261-5396
FAX: (202) 728-0231
mandrade@ui.urban.org

October 15, 2002

Mr. David Brown
Contracting Officer
USAID/Yerevan
18 Baghramian Street
Yerevan 375019, Armenia

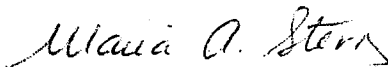
RE: Contract No. EEU-I-00-99-00015-00, TO No. 807
UI Project 06901-008, Armenia Local Government Program
Quarterly Task Order Progress and Cost Report, July to September 2002

Dear Mr. Brown:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, July to September 2002, for the Armenia Local Government Program*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

Please direct any technical questions to Mr. Sam Coxson, CoP, UI/Yerevan at 011-3741-580-739 or slcoxson@yahoo.com; questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Bella Markarian (CTO USAID/Armenia)
Mike Keshishian (CTO/W, USAID/W)
Sam Coxson (UI/Yerevan/Armenia)
USAID Development Clearinghouse
IAC Deliverables File (06901-008)
IAC Chron File

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

**ARMENIA LOCAL
GOVERNMENT PROGRAM**

JULY TO SEPTEMBER 2002

Prepared for



Armenia Local Government Program
United States Agency for International Development
Contract No. EEU-I-00-99-00015-00, Task Order No. 807



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

Prepared by

Samuel Coxson
Carol Rabenhorst
The Urban Institute

October 2002
UI Project 06901-008

TABLE OF CONTENTS

| | | |
|------|--|---|
| I. | Highlights..... | 1 |
| II. | Progress of Major Activities | 2 |
| | Legal Reform and Decentralization | 2 |
| | Service Delivery Improvement and Local Government Management Strengthening | 2 |
| | Citizen Participation and Condominium Association Strengthening | 3 |
| III. | Deliverables and Reports | 4 |
| IV. | Problems or Delays Affecting Task Order Performance | 4 |
| V. | Work Planned for Next Reporting Period..... | 4 |
| | Service Delivery and Local Government Management Strengthening | 5 |
| | Citizen Participation..... | 5 |
| VI. | Specific Action Requested..... | 6 |

Attachment

Cost Report

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2002

ARMENIA LOCAL GOVERNMENT PROGRAM

| | |
|---|---|
| Contract and Task Order No.: | EEU-1-00-99-00015-00, Task Order No. 807 |
| Date of Issuance: | January 18, 2000 |
| Amount Obligated Under Task Order: | \$4,205,721 |
| Total Potential Task Order Amount: | \$4,205,721 |
| Dollars Expended To-date: | \$3,256,216 |
| Key Personnel: | Samuel L. Coxson 374 1 522-787 slcoxson@yahoo.com |

Task Order Description

In January 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a three-year local government project in Armenia. The project provides training and technical assistance (TA) designed to increase local government accountability, accessibility and responsiveness to citizens and to provide more effective and transparent management systems for local governments. The main components of the project are:

- Legal Reform and Local Government Association Development
- Service Delivery Improvement in Municipalities
- Citizen Participation in Local Government Affairs

I. HIGHLIGHTS

- Meeting with Minister of Territorial Administration—Agreement on TA for Territorial Administration Law Policy Review.
- Initial community based economic development strategy pilot selected and strategy developed.
- Information centers established in three Yerevan districts.
- Municipal bond issuance roundtable held.

II. PROGRESS OF MAJOR ACTIVITIES

LEGAL REFORM AND DECENTRALIZATION

Meeting with Ministry of Territorial Administration

In a meeting with the Minister of Territorial Administration, USAID and UI agreed to provide technical assistance in developing the foundation from which to draft a territorial administration law. The initial technical assistance to be provided is a policy review of the current situation, a review of alternative models, a review of European Union requirements relative to territorial administration through its Charter on Local Self-Government, and development of a set of recommendations that would provide the basis for the draft law.

Working Group Selected

Based on the agreed upon technical assistance, a working group was identified and initial preparations for work started.

Housing Common Area Norms and Standards for Maintenance Developed

As a follow up to the passage of the Apartment Building Management Law, the working group completed the maintenance standards and norms that will be adopted by the GOA and used as the basis for determining apartment building management of its maintenance responsibilities.

Apartment Building Management Law Public Awareness Campaign

A public awareness campaign was carried out relative to the Apartment Building Management Law. The campaign entailed television interviews with Ministry of Urban Development officials and publication of the full law in a newspaper of mass circulation. Interviews, both television and press, focused on explaining the law's major features and requirements for apartment owners, apartment management structures and local governments.

SERVICE DELIVERY IMPROVEMENT AND LOCAL GOVERNMENT MANAGEMENT STRENGTHENING

Community Based Economic Development Strategy

Ijevan was chosen as the initial pilot city to conduct the community based economic development strategy. The process entailed the following steps:

- Appointment of a steering committee by Mayoral decree (membership was made up of community council members, city staff, local businessmen, NGO representatives and citizens);
- Compilation of specific economic development data collection;
- Review of key issues and development of a vision statement for economic development;
- Conduct of a SWOT analysis;
- Key issues prioritized and an action plan to address them developed;
- Specific budget and personnel responsible for each key issue identified;
- Monitoring and reporting procedure of progress to all stakeholders on a periodic basis approved.

Citizen Registry



Initial review of the citizen registry software used by some of our pilot cities to generate voter registration lists has been completed. The finding by the software specialist was that the fundamental software works well to provide general demographic information. However, due to recent changes in the election law, some minor changes in the software need to be carried out. This software modification has been undertaken.

Municipal Bond Issuance

Along with the capital improvement planning and budgeting with which the Local Government Program (LGP) has trained the pilot cities, has come a desire by the cities to seek out financial assistance to fund some of the priority capital improvement needs. The LGP was approached by two of its pilot cities, Kapan and Alaverdi, to see whether it was possible to issue municipal bonds for the purchase of garbage trucks for the two cities. A firm in Yerevan, TonTon, Inc., had indicated to the cities that it might be interested in the issuance of the bonds if interim regulations for the issuance by the Ministry of Finance and Economy were developed.

In an effort to bring about the discussion and further consideration of this financing tool, LGP conducted a Roundtable discussion involving all major stakeholders, including Ministry of Finance and Economy, Securities and Exchange officials, banks, bond companies, and municipal officials. The major work on municipal bond issuance will become the responsibility of another implementing contractor (PriceWaterhouseCoopers) under USAID's capital markets program. The outcome of the Roundtable was to schedule another gathering in about three to four months and review the interim regulations issued by the Ministry of Finance and Economy. LGP will continue to participate in the process, but will not be taking the lead role.

Those pilot cities that have considered whether to issue municipal bonds as a possible funding mechanism now have a greater appreciation for the importance of the budgeting software and training LGP has provided. From a basis of implementing LGP's performance management and budgeting and forecasting software, the cities are actually in a position to provide a clear picture of creditworthiness and sustainability.

Performance Management—Kindergarten Services

A performance management plan was developed in the city of Ijevan. LGP provided the initial training and step-by-step seminars on conducting the analysis and implementing the performance management plan. In the case of Ijevan, the performance management plan revealed that the city could easily close one kindergarten, thereby saving a substantial amount of scarce city revenues. The strength of the plan was to afford the Mayor a strong argument as to the budgetary impact of carrying out the merger to counter the political resistance to the closure of one of the kindergartens.

CITIZEN PARTICIPATION AND CONDOMINIUM ASSOCIATION STRENGTHENING

Information Centers Established in Three Yerevan Districts

After the signing of MOUs by USAID and the three Yerevan districts, LGP installed and began training on the information center hardware and software. The districts selected, on a competitive basis, were Nor Nork, Kanaker-Zeytun and Nubarashen. The information centers are linked by an intra-network to all the data entry stations within the district (Mayor's office, budgeting, planning and programs department). Upon receiving a citizen inquiry the center can access the information directly and provide an appropriate answer

to the citizen. If the inquiry cannot be answered by the data available, the information center forwards the inquiry to the appropriate department for a response. Experience in the pilot cities indicates that we should expect a slow initial use of the centers but usage to grow to about 40-60 inquiries per month. Often the inquiries are not answerable at the municipal level since they relate to a nationally provided program, such as pensions. These inquiries are forwarded to the appropriate ministry agency office and the answer related to the citizen. Where possible, the information center processes the inquiry from beginning to end so as to provide an uninterrupted flow of information.

III. DELIVERABLES AND REPORTS

- Community Based Economic Development Strategy for Ijevan. Contact person: Sam Coxson, Chief of Party, slcoxson@yahoo.com
- Performance Management Plan for Kindergarten Services, City of Ijevan. Contact person: Marian Szymaniowicz, Resident Advisor, mszymanowicz@hotmail.com
- 2002 Work Plan including additional activities (territorial administration law policy review) approved. Contact person: Sam Coxson, Chief of Party, slcoxson@yahoo.com
- Memorandums of Understanding were signed by USAID and each district of Yerevan during the quarter. Contact person: Sam Coxson, Chief of Party, slcoxson@yahoo.com

IV. PROBLEMS OR DELAYS AFFECTING TASK ORDER PERFORMANCE

Items such as completion of the asset management inventory and citizen registry have been delayed in the cities and districts because of the local elections and campaigning. Local government employees must be actively involved in the election campaign because their continued employment is in the balance. Hence, requests for information, provision of training and data entry have been substantially delayed beginning with September.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

LEGAL FRAMEWORK AND DECENTRALIZATION

- Continued technical assistance to the territorial administration law policy review working group relative to available models for a territorial administration law (Western and Eastern Europe models). Said technical assistance will focus on basic policy development to meet the requirements of the European Commission's Charter on Local Self-Government.
- Conduct of three seminars on the new law on Apartment Building Management (one in Yerevan, one in Kapan and one in Vanadzor) focusing on the law's major requirements for operations and maintenance of multi-apartment building common areas.



- Development and provision of updated training to condominium associations and other ownership structures provided for in the Apartment Building Management Law. First pilot training will be conducted to test the training materials, and then training will be carried out for as many units of ownership as possible. We anticipate that the number of units that may be trained prior to the ending of this contract is 180. There are over six hundred ownership units now and the number is expected to increase by a factor of 5 or 6.

SERVICE DELIVERY AND LOCAL GOVERNMENT MANAGEMENT STRENGTHENING

- Continuation of the performance management training and workshops with the City of Yerevan relative to solid waste management. This activity is slightly different from the performance management training and plan developed for kindergartens. Performance management analysis for solid waste removal does not proceed to a solid waste collection performance plan. It will present an analysis and recommendations to be taken by the City to address several substantial shortcomings in the system prior to developing a solid waste collection performance plan.
- Technical assistance and remedial assistance to the nine pilot cities and twelve Yerevan districts that need it in the budget development process. Local governments will be hard pressed to meet budget deadlines this year because of the lateness of the local elections that could see as many as 50 percent of the current council members replaced.
- Although the citizen registry is not designed to provide a voter's list, it is being used to do so in many of the pilot cities and Yerevan districts. LGP will monitor this utilization and review the results of the list's development and consequent use during the local government elections. It is not clear at this time whether the software providing the citizen registry will be used for generation of voter's lists in subsequent elections. If this will be the case, LGP will have the citizen registry software modified to meet the Central Election Commission's and Election Law's requirements.
- Continuation of the technical assistance to develop a community-based economic development strategy for Alaverdi. The materials developed for the pilot city, Yerevan, are being used in Alaverdi. It is envisioned that in the fourth quarter of 2002 a Roundtable Workshop will be conducted to present the process to other cities, marzes and relevant GOA ministries as well as other donors.
- Continuation of fundraising strategies and proposal writing for the management of apartment buildings and selected civic action groups in the nine pilot cities.

CITIZEN PARTICIPATION

- Initial preparations for the third annual household survey to be conducted in the nine pilot cities started. The first step is the actual surveying in the nine cities.
- Monitoring the use of the citizen registry as the basis for the voter's list by the nine pilot cities. Problems, issues and procedures will be reviewed and remedial action taken to further assist the cities if needed.

VI. SPECIFIC ACTION REQUESTED

None at this time.